

CONTINUATION IN SUPPORT OF CRIMINAL COMPLAINT

I, SANDRA R. PONS, being duly sworn, state as follows:

INTRODUCTION

1. I am a Senior Investigator with the United States Department of Labor, Office of Labor-Management Standards (DOL-OLMS). I have been employed by DOL-OLMS since October 2005 and am assigned to the DOL-OLMS Minneapolis Resident Investigator Office.

2. I have attended and participated in multiple DOL-OLMS training courses, including, but not limited to, labor management standards, labor organizations, and violations of criminal law, including violations of Title 29 of the United States Code. During my years at DOL-OLMS, I have conducted numerous investigations into criminal violations of Title 29 of the United States Code, including felony theft from a labor organization. Through my training and investigative casework involving labor organizations, I am familiar with the operation, administration, and business practices of labor organizations and the corporate employers with whom they negotiate.

3. I make this continuation based upon personal involvement in the subject criminal investigation, including my review of financial records, business records, and interviews of witnesses. Because this continuation is being submitted for the limited purpose of obtaining a criminal complaint, it does not contain all of the facts known to me.

4. As a result of my participation in this investigation, I believe probable cause exists to show that Hasan ZAHDEH, the current president of Michigan Union of Healthcare Workers (MUHW), has committed the following offense: 29 U S C § 501(c),

embezzlement of union funds. Between June 2017 and the present, ZAHDEH used MUHW funds to fund his personal lifestyle. A review of MUHW bank records reveal hundreds of unauthorized and fraudulent transactions, including trips made by ZAHDEH to Istanbul, Turkey.

Summary of Relevant LMRDA Provisions

5. The Labor-Management Reporting and Disclosure Act (LMRDA), also known as the Landrum-Griffin Act, is a Federal statute that regulates labor unions' internal affairs and their officials' relationships with employers. Labor unions comprised private sector employees are covered by the Act. The LMRDA guarantees union members' rights, such as the right to participate in union meetings and voting in union officer elections. The LMRDA also includes provisions to protect the labor union from falling prey to fraudulent activities conducted by its members and officers.

6. Specifically, Title II of the LMRDA requires unions to disclose information about their structure and financial condition (called Labor Organization Annual Reports). Labor Organization Annual Reports (LM reports) must be filed with DOL-OLMS on an annual basis; LM reports must be filed electronically via the DOL-OLMS Online Public Disclosure Room website. Pertinent to this complaint is that an LM-3 is required for labor organizations with total annual receipts of \$10,000 or more, but less than \$250,000. Section 206 of the LMRDA creates an affirmative obligation for union officials to maintain records that explain or clarify entries on the union's LM reports and allow the reports to be checked by union members and the public for accuracy and completeness. The statute makes filing a false LM report or making false entries in union records, including willful concealment in union records, a crime.

7. Finally, Title V of the LMRDA provides safeguards for protecting labor organization funds and assets by prohibiting the embezzlement of union funds or assets by any officer or employee of the labor organization. A union officer or employee who embezzles or otherwise misappropriates union funds or other assets commits a federal crime punishable by a fine and/or imprisonment.

PROBABLE CAUSE

MUHW is a Labor Organization in Muskegon, Michigan, and has a Collective Bargaining Agreement with Mercy Health Partners.

8. Michigan Union of Healthcare Workers (MUHW) is a “labor organization” as defined in the LMRDA, located in Muskegon, Michigan. MUHW represents members who are employed by Mercy Health Partners in positions such as respiratory therapists, surgical technologists, EKG technicians, radiological technicians, cardiac sonographers, mammography technologists, and cardiovascular interventional technologists. MUHW engaged in contract negotiations with Mercy Health Partners Hackley Campus and established a collective bargaining agreement (CBA) dated November 30, 2016, covering wages, working conditions, and benefits for MUHW members. MUHW’s CBA with Mercy Health Partners expired on June 30, 2020 and to date, a new agreement has not been reached.

9. Members of MUHW pay monthly dues to the union ranging from \$25 to \$40 a month. The dues are deducted from members’ paychecks by Mercy Health Partners and electronically remitted to MUHW. In August 2020, following the expiration of the CBA, Mercy Health Partners ceased dues withholdings from members’ paychecks.

MUHW's President and Former Treasurer

10. MUHW is governed by a constitution and bylaws dated October 2014, which lays out the organization's mission and goals, structure, officers, and framework. MUHW holds elections every three years to elect its officers. Per the governing documents, MUHW's officers include a union representative/president, recording secretary, treasurer, and two board of directors. The elected officials comprise MUHW's executive board.

11. Both federal law and the constitution and bylaws of MUHW impose a fiduciary duty on union officers, requiring officers to manage the funds and property of the union solely for the benefit of its members. The president and treasurer are responsible for signing all checks, vouchers, financial contracts, and agreements subject to the policies of the executive board.

12. MUHW has only reported two officers on its board since inception: president and treasurer. This information reported on the LM-3 was confirmed by DW, MUHW's former treasurer.

13. Hasan ZAHDEH is and has been the president of MUHW since its inception in 2014. During this investigation, investigators learned ZAHDEH was largely responsible for the creation of MUHW after members parted with the Service Employees International Union in 2012. As president, ZAHDEH is responsible for representing the interests of all MUHW members, presiding at meetings, co-signing union checks subject to the policies of the constitution and bylaws, and signing collective bargaining agreements.

14. ZAHDEH is a 50-year-old man. ZAHDEH resided at [REDACTED]

█████ Muskegon, Michigan until he sold his property on September 30, 2020. His current residence is unknown, but he is believed to be in the Muskegon, Michigan area.

15. MUHW does not have a union office and the address for the union is listed as the former, personal residence of ZAHDEH.¹

16. MUHW does not currently have a treasurer. During this investigation, I interviewed the former MUHW treasurer, DW. DW served as MUHW's treasurer from the union's inception in 2014 until approximately April 2017. In March 2016, the union was contacted by DOL-OLMS to correct an error on the LM-3 report. DW turned over the union's financial records to ZAHDEH, who said he would have a friend fix the LM-3 report. DW insists he was "treasurer in name only." DW resigned from the treasurer position in approximately April 2017 and turned over the remaining union records in his possession a few months later. According to DW, since the middle of 2017, Zahdeh has had sole possession of all MUHW financial records.

17. DW's electronic signature appears on the LM-3 reports filed by MUHW for the fiscal years that ended on December 31 in 2014, 2018, and 2019. The LM-3 reports for 2015 and 2016 were not filed electronically and DW's manual signature appears on those reports. DW advised that he did not electronically sign the LM-3 reports in 2018 and 2019.

MUHW's LM-3 Reports Are Filed Late and ZAHDEH Provides Receipts for Questionable Expenses

18. On August 4, 2020, investigators contacted ZAHDEH to inquire about MUHW's delinquent LM-3 report. The LM-3 report, which is due 90 days after a fiscal

¹ ZAHDEH sold his home in September 2020. The review of documents and records after that time do not reflect a new, updated address for MUHW.

year ends, was originally due on March 31, 2020. ZAHDEH told investigators that the report was late because he had been out of the country. After the report was filed, investigators noticed that the disbursements reported on MUHW's 2017 and 2019 LM-3 reports were unusually high when compared to fiscal years 2015, 2016, and 2018.

19. Investigators followed up with ZAHDEH on September 1, 2020, who advised that the MUHW's increased disbursements were because their CBA was ratified sometime between late 2016 and 2017. MUHW could no longer go to the NLRB to file grievances and arbitration which was much more cost effective. ZAHDEH stated that because MUHW must now deal with employer disputes independently, costs have gone up, specifically the cost of labor attorneys which they did not have to pay in the past.

20. On September 8, 2020, ZAHDEH agreed to provide investigators with a copy of MUHW's CBA as well as some receipts and invoices for professional fees incurred by MUHW in 2017. That same day, ZAHDEH emailed a copy of the CBA to investigators.

21. On October 1, 2020, ZAHDEH emailed copies of various invoices and receipts from 2017 to investigators. ZAHDEH provided investigators with a statement of account that included three invoices for legal services. However, the total amount of those invoices is less than the amount reported on the LM-3. MUHW reported \$38,510 in professional services in 2017. The total amount invoiced was \$8,505. Many of the other receipts provided were for expenses that appear to be for improvements made to ZAHDEH's property such as sealcoating and rubber, and lawn, water pump, and irrigation services. Additionally, ZAHDEH provided receipts for a seven-piece dining room set, a ceiling fan, chandelier, a rug, sofa, three tables, and lamps.

PNC Bank Records For MUWH Reveal ZAHDEH Embezzled MUWH Funds

22. DW, the former treasurer, stated during his interview that, to his knowledge, MUHW has one PNC Bank account in MUWH's name. I obtained and reviewed the PNC bank records for bank account number [REDACTED] 2612 (PNC –2612). PNC –2612 was opened on October 6, 2014, and was closed on October 23, 2020, by PNC Bank due to insufficient funds. At the time of closure, PNC –2612 held a negative balance of -\$1,690.89.

23. The account holder for PNC –2612 from October 6, 2014 to October 23, 2020 was Michigan Union of Healthcare. Authorized persons on PNC –2612 were ZAHDEH and DW from October 6, 2014 to October 23, 2020.

24. Review of MUHW's LM-3 reports in combination with MUHW's PNC –2612 records show that between June 2017 and September 2020, ZAHDEH embezzled union funds by using the union's debit card for PNC –2612 to pay for personal expenses, by setting up automatic clearing house (ACH) debits from the union's checking account to pay personal bills, writing union checks signed solely by ZAHDEH to pay for personal expenses, making unauthorized cash withdrawals at automatic tellers machines (ATM), and by making unauthorized cash withdrawals at PNC Bank.

25. Listed below is a selection of the unauthorized transactions from the PNC –2612:

Date	Transaction Type	Vendor/Payee	Amount	Location
06/07/2017	Check	Hasan Zahdeh	\$6,900.00	
08/24/2017	Debit Card	CC Floor Covering	\$879.73	Muskegon, MI
11/07/2017	Debit Card	Central Wells & Pumps	\$1,355.77	Muskegon, MI
05/01/2018	ACH Debit	DTE Electric Co	\$286.74	

Date	Transaction Type	Vendor/Payee	Amount	Location
06/27/2019	Debit Card	Farm Bureau Insurance	\$497.85	
11/15/2019	Debit Card	Regency Palace Hotel	\$416.50	Amman, Jordan
11/15/2019	Debit Card	Candy Restaurant	\$580.51	Amman, Jordan
01/03/2020	Debit Card	The Marmara	\$619.80	Istanbul, Turkey
01/03/2020	ACH Debit	Capital One	\$800.00	
01/03/2020	ACH Debit	Capital One	\$800.00	
03/02/2020	ATM	Hyatt Rega Zeytinl	\$408.00	Istanbul, Turkey
03/16/2020	Debit Card	Affirm	\$480.30	
06/29/2020	Debit Card	Moneygram US	\$1,014.99	
07/10/2020	Check	Self	\$600.00	
		Total	\$15,640.19	

26. MUHW's LM-3 reports filed with DOL-OLMS for 2017 to 2019 do not disclose any payments to ZAHDEH. By not reporting direct and indirect payments to himself on the LM-3, ZAHDEH was able to perpetuate his scheme and conceal his illegal actions from MUWH members, DOL-OLMS, and the public.

27. DW confirmed that MUHW does not do business in Turkey or Jordan. Additionally, DW confirmed that the above transactions were not authorized by MUHW.

Bank of America Records Reveal ZAHDEH Embezzled MUHW Funds

28. During this investigation, I learned that sometime in the fall of 2020, ZAHDEH contacted MUWH members and instructed them to begin remitting their individual MUHW dues payments to a Bank of America account.

29. I obtained and reviewed Bank of America account [REDACTED] 3327 (BOA-3327) records. The account holder is Hasan A. ZAHDEH.² BOA-3327 appears to have

² The Bank of America records obtained did not include signature cards.

been opened on August 13, 2020 and remains open with a balance of \$3,375.35 on December 9, 2020.

ZAHDEH Intends to Leave the United States

30. ZAHDEH possesses passports for countries of the United States of America and Jordan. Investigators learned during the course of this investigation that he has family in Amman, Jordan and a girlfriend in Istanbul, Turkey.

31. As stated above, ZAHDEH sold his property on September 30, 2020, and his current residence is unknown.³

32. During this investigation, a Facebook account “Hasan Zahdeh” was identified as ZAHDEH’s account. Investigators determined that the account belongs to ZAHDEH because based on the name, the fact the account user lives in Michigan and has a July birthday, and because the user posted about frustration with his personal account at Huntington Bank while traveling abroad.⁴

33. Investigators learned that on November 15, 2020, “Hasan Zahdeh”, joined a Facebook group titled “Foreigners in Istanbul.” The group has over 23,000 members. Since joining the group, “Hasan Zahdeh” has repeatedly posted on this page.

- a. On November 15, 2020, “Hasan Zahdeh” asked the group, “Any healthcare professionals[*sic*] expats here?” Later that same day, he stated that he would be arriving in Istanbul in “three weeks” and that he is looking for a job. He noted that his healthcare specialty is invasive cardiac and vascular procedures.

³ *Supra* at paragraph 12.

⁴ DW informed investigators that while ZAHDEH was in Turkey, ZAHDEH had some type of interaction with Turkish law enforcement and needed to access funds, but was not able to access his Huntington Bank at that time.

- b. On November 27, 2020, “Hasan Zahdeh” posted a question to the group asking if anyone has had problems sending money from MoneyGram.
- c. On November 30, 2020, “Hasan Zahdeh” posted a concern about curfews being implemented in Istanbul.
- d. On December 2, 2020, “Hasan Zahdeh” posted a concern about international flights to and from Turkey being canceled starting on December 10, 2020. He states that it would be a “disaster” if flights are canceled.
- e. On December 4, 2020, “Hasan Zahdeh” posted inquiring if anyone had a travel agency to recommend.

34. Investigators learned that sometime on or about November 29, 2020, ZAHDEH contacted a Labor Relations Consultant at Trinity Health,⁵ RB, by text message, asking for an in-person meeting to discuss a “proposal.” On Monday, November 30, 2020, RB and ZAHDEH communicated via telephone. During that conversation, ZAHDEH proposed that Trinity Health reimburse MUHW for dues that were not paid after dues deduction were discontinued. ZAHDEH stated MUHW was owed between \$7,200 to \$7,500 and the money would be used for organizing. ZAHDEH stated he would provide a routing and account number. RB asked to whom the bank account belonged and ZAHDEH stated the bank account belonged to MUHW. ZAHDEH stated that he wanted the answer by the end of the day and the money by Friday, December 4, 2020. Further, ZAHDEH asked about cashing out his pension and

⁵ Mercy Health Partners underwent a merger effective October 1, 2020 and is now known as Trinity Health

stated that he needed get his refund by Friday, December 4, 2020.

35. Later that same day, RB sent an email response to ZAHDEH stating the dues were not deducted from members' paychecks after the CBA expired and denied his proposal. RB advised that they would look into the pension.

a. ZAHDEH responded, "WOW" by text message to RB. Later he sent another text that stated, "is this the trust that I have in you?" and "Why did you do this."

36. Investigators have not learned whether ZAHDEH gained access to his pension funds.

37. Investigators learned that since November 9, 2019, ZAHDEH traveled out of the United States on international flights on seven occasions. Most recently, ZAHDEH traveled out of the United States on October 1, 2020 and returned on October 20, 2020. Charges made to PNC-2612 and BOA-3327 show that ZAHDEH incurred international charges in Istanbul, Turkey and Amman, Jordan. On September 30, 2020, a wire was deposited into BOA-3327 in the amount of \$30,975. The transaction is described as proceeds from the sale of [REDACTED] (ZAHDEH's former residence). An outgoing wire in the amount of \$25,000 from BOA-3327 on October 1, 2020 was made to an account in Turkey. The account holder for the outgoing wire is unknown.

CONCLUSION

38. Based on the forgoing, there is probable cause to believe that ZAHDEH has committed the following offense: 29 U.S.C. § 501(c), Embezzlement of Union Funds.